



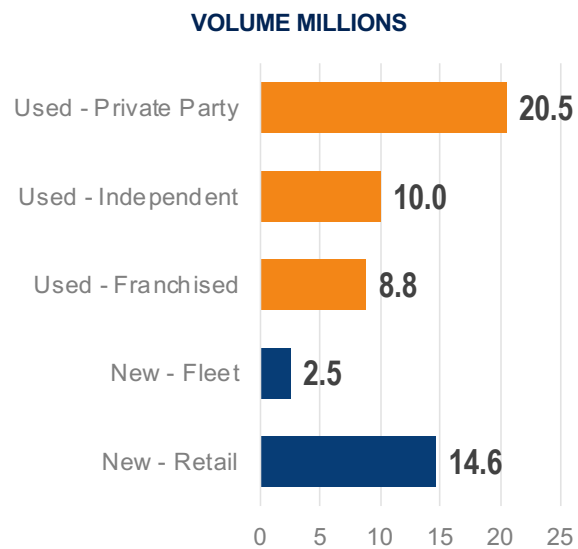
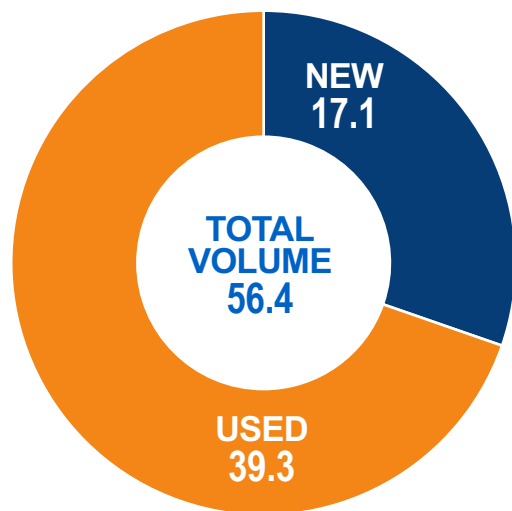
# Top 10 Insights for the Auto Market

Jonathan Smoke | Chief Economist, Cox Automotive

COX  
AUTOMOTIVE™

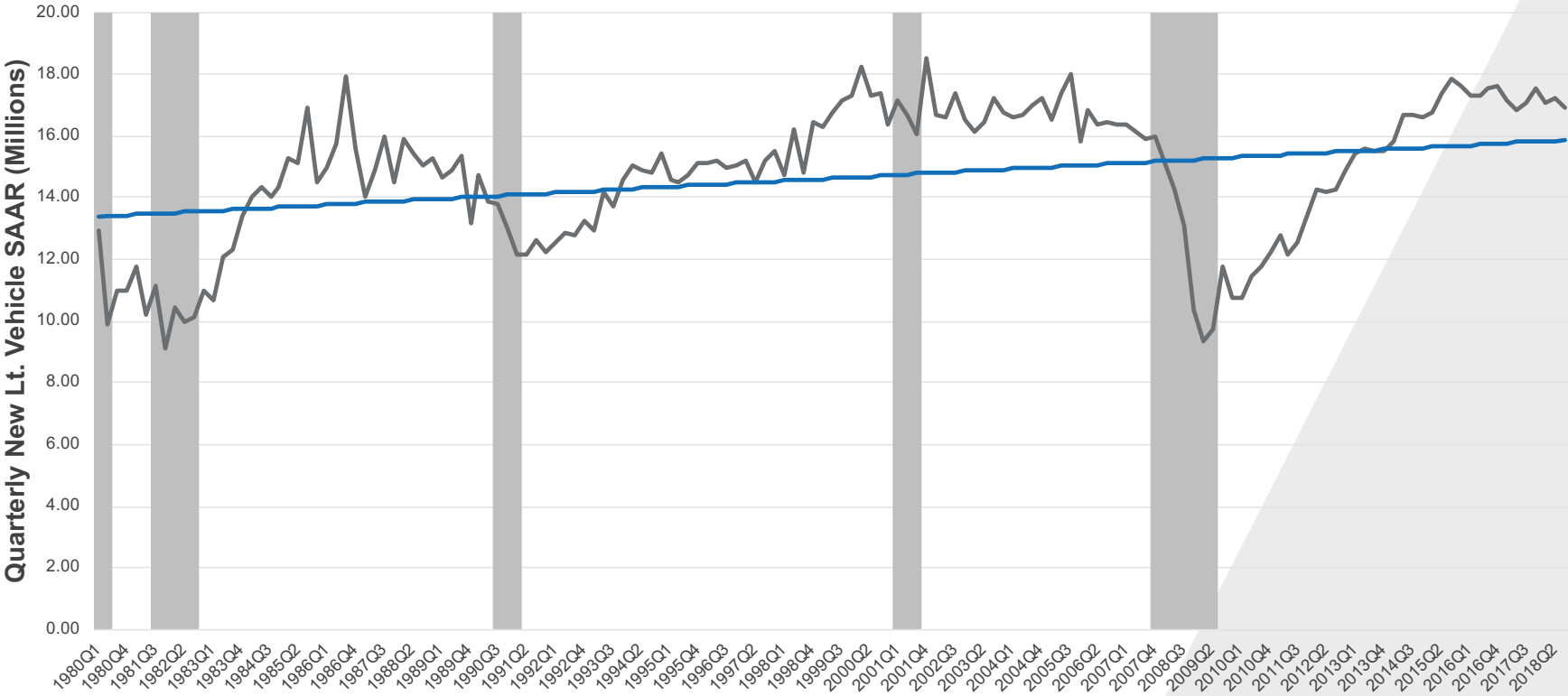
## #1: THE AUTO MARKET IS LARGE AND COMPLEX

Used vehicle sales accounted for 70% of industry volume and ~56% of value in 2017



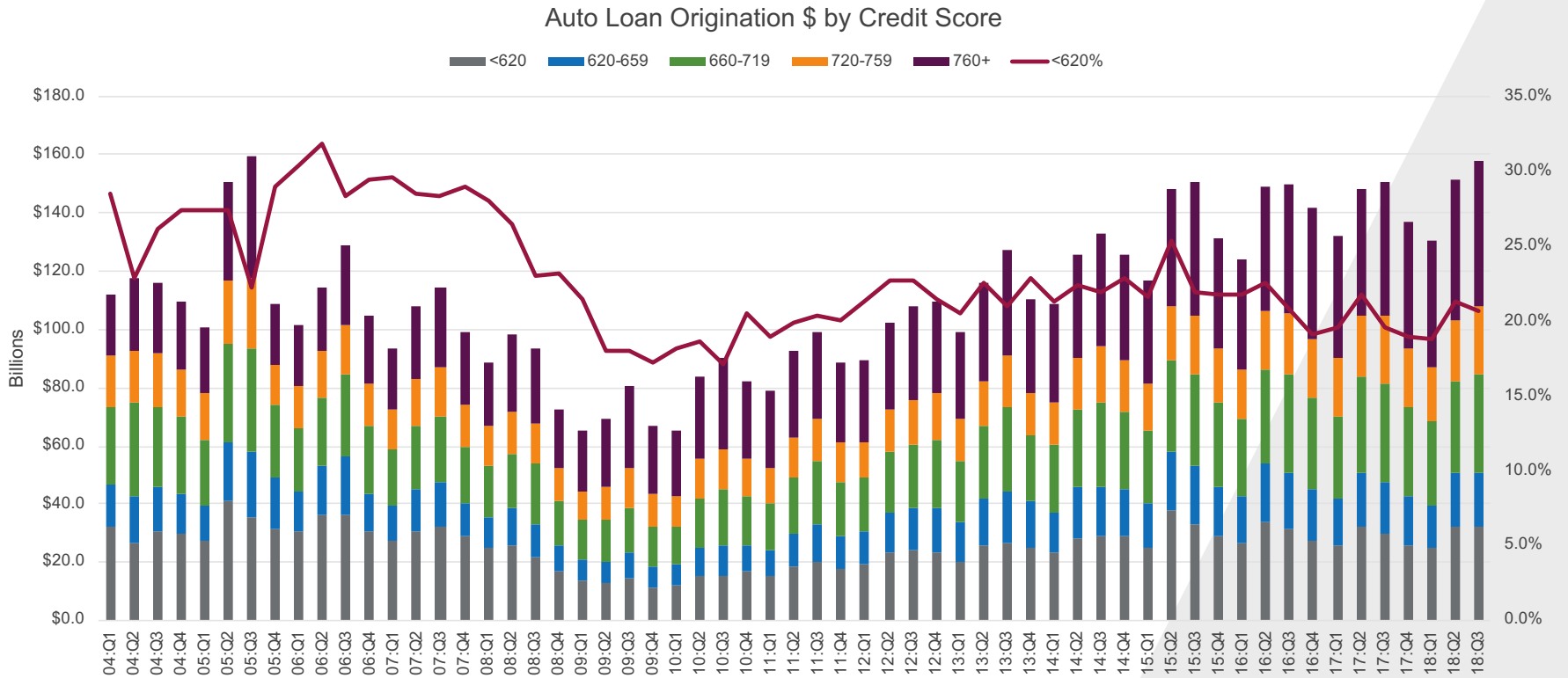
# #2 THE AUTO MARKET IS CYCLICAL AND TIED TO THE ECONOMIC CYCLE

We are in the post peak part of the cycle but this year should end up flat with 2017



### #3: THE AUTO MARKET IS VERY DEPENDENT ON CREDIT

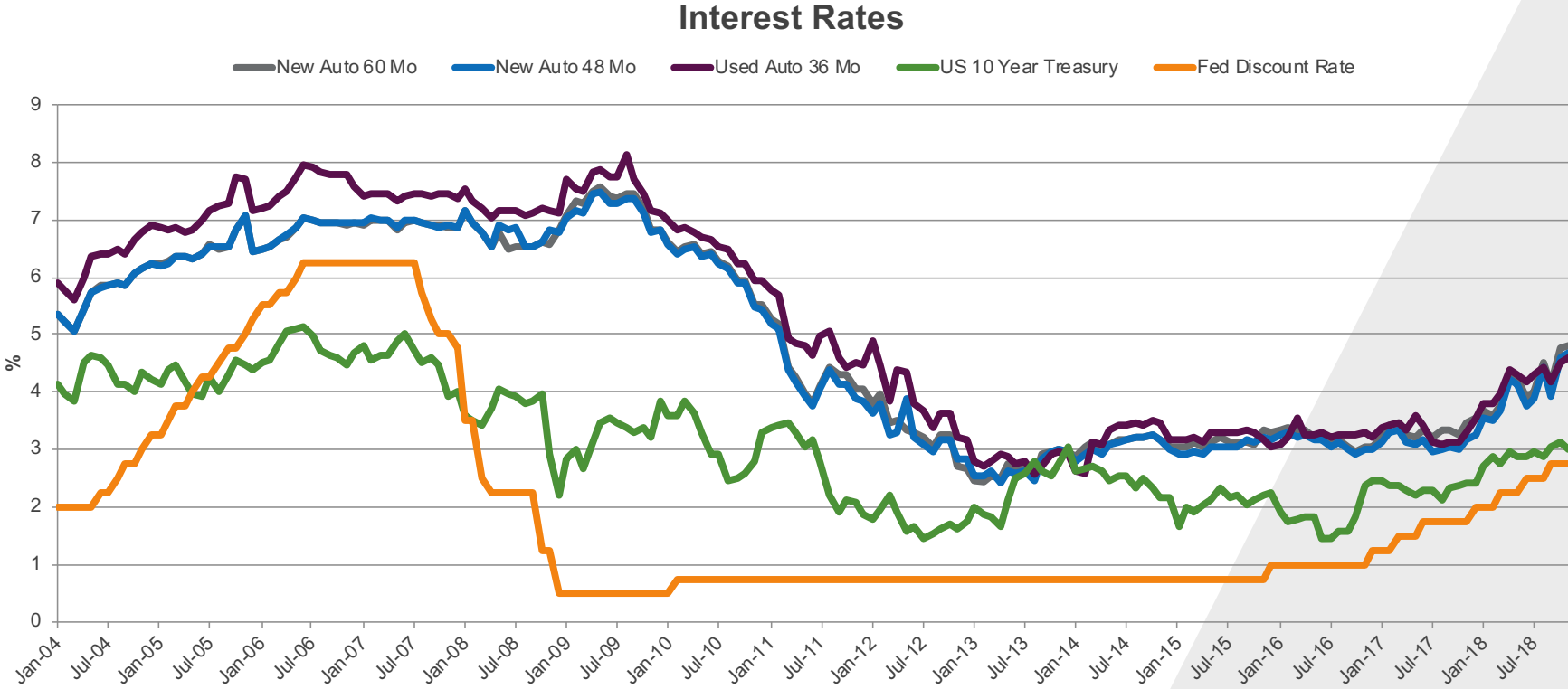
Lending grew by 4.6% Y/Y in Q3 by 10% gains in subprime and 8% gains in 760+ \$ volumes



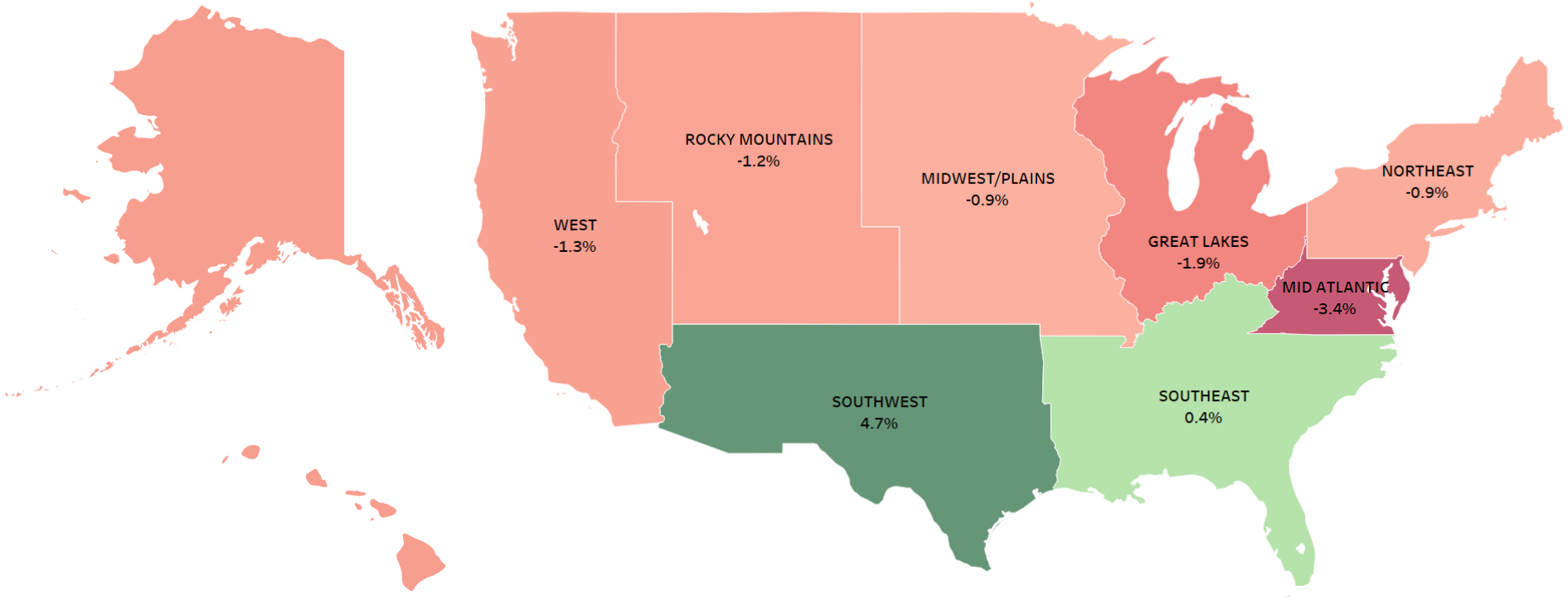


# #4: LIKE HOUSING, DEMAND IS RATE SENSITIVE

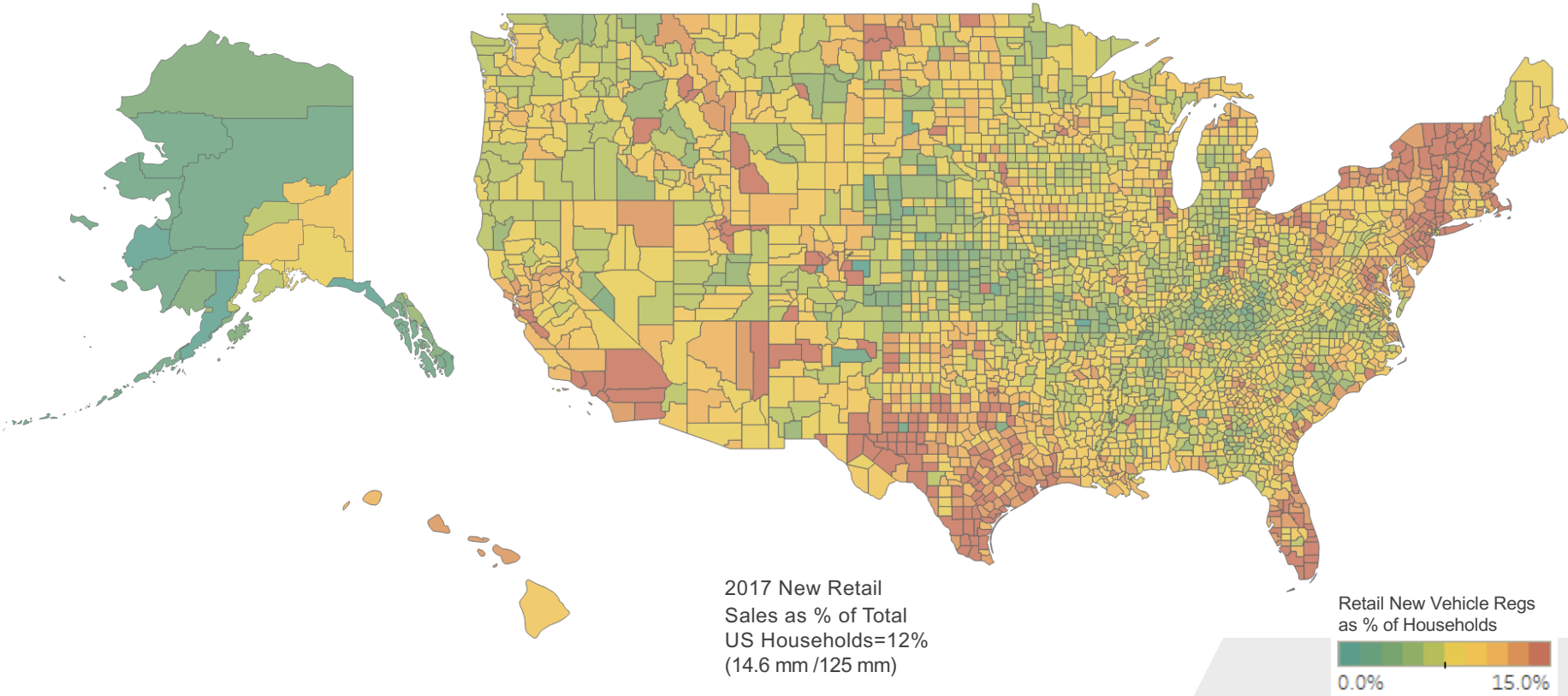
The discount rate is up 1% while best available auto rates are up 1.3% year-over-year; up 2.4% from absolute low



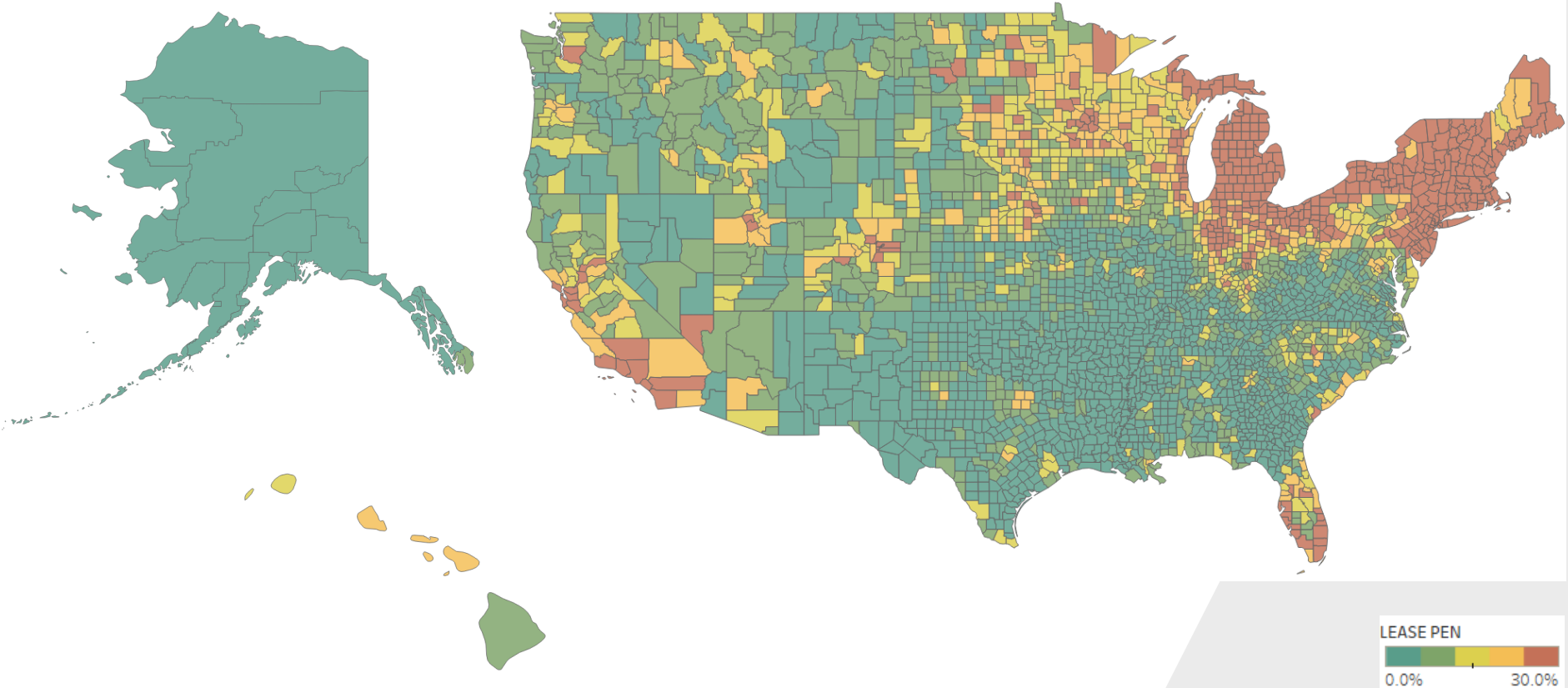
# #5 THE AUTO MARKET SEES BIG REGIONAL VARIATION



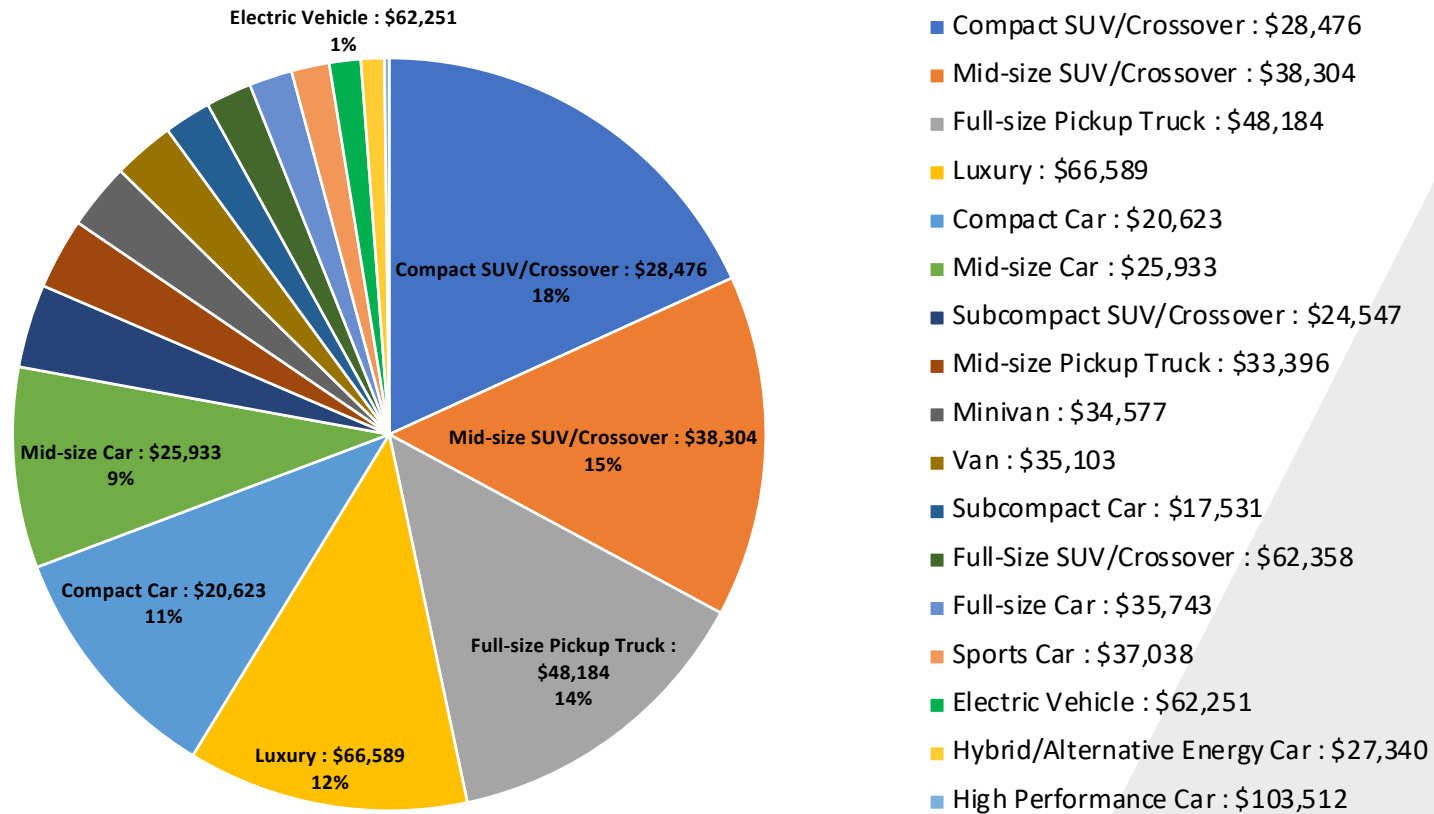
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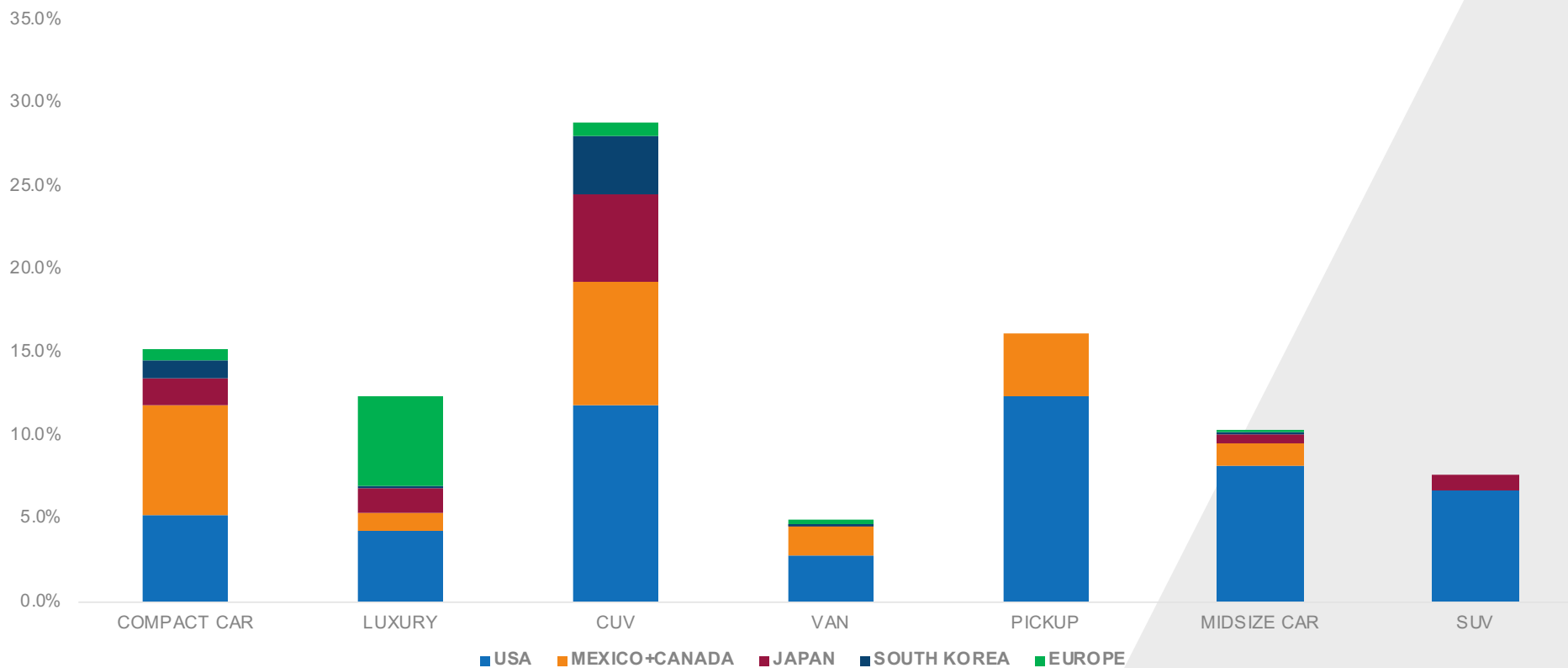


## #6 THE MARKET HAS GREAT VARIETY IN PRODUCT



## #7 THE MARKET IS DEPENDENT ON A GLOBAL SUPPLY CHAIN

Composition of New Vehicles Sold in the US by Major Segments and Major Regions of Origin

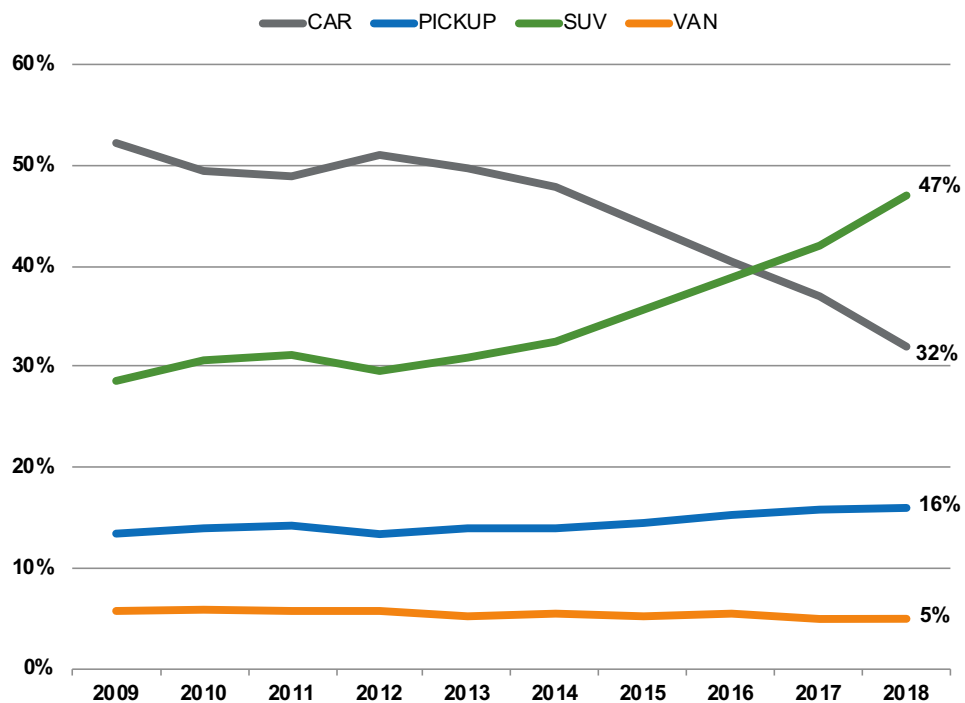




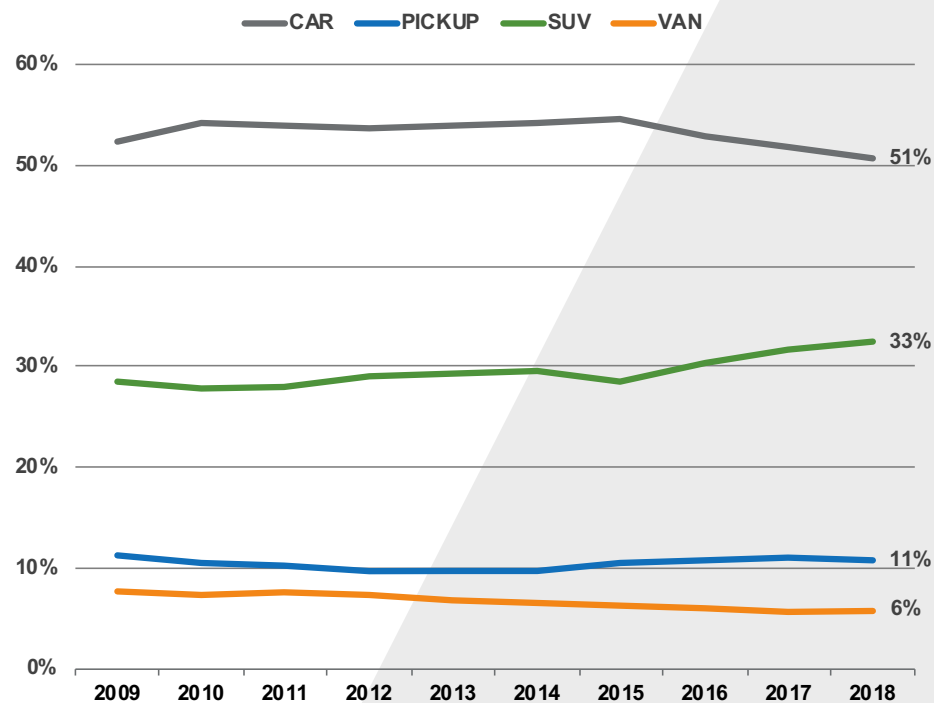
## #8 THE USED VEHICLE MARKET IS SUPPLIED BY A WHOLESALE MARKET

The wholesale market is supplied by the new vehicle market but composition can vary dramatically

### New Vehicle Sales by Category



### Manheim Sales by Category



## #9 DEALERS SELL CARS

### What are the Factors Holding Back Dealers' Business?

Significant decrease vs previous quarter

Significant increase vs previous quarter



OVERALL RANK

		Q4 '18	Q3 '18	Q4 '17
1	Market Conditions	44% ↑	37%	44%
2	Credit Availability for Consumers	36%	35%	33%
3	Limited Inventory	35%	38%	27%
4	Competition	33%	35%	36%
5	Expenses	27%	29%	29%
6	Interest Rates	23% ↑	17%	6%
7	Consumer Confidence	19%	16%	19%
8	Consumer Transparency in Pricing	12%	15%	15%
9	Staff Turnover	11%	12%	11%
10	Credit Availability for Business	8%	9%	8%
11	Regulations	7%	7%	11%
12	Dealership Systems/Tools	6%	7%	5%
12	Too Much Retail Inventory	6%	5%	9%
12	Tariffs on Imported Vehicles and Parts	6%	5%	N/A
15	OEM Mandates/Restrictions	5%	5%	5%
16	2018 Tax Law Changes*	2%	2%	N/A

# #10 DISRUPTION HAS STARTED

Having transportation is necessary, but owning a vehicle is not

2015 (A)	35%	2018 (B)	39% <sup>A</sup>
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## Urban

2015 (A)	44%	change	
2018 (B)	57%	+13↑	



## Suburban

2015 (A)	34%	change	
2018 (B)	35%	+1↑	

## ALL-STAR ATLANTA AUTOMOTIVE PANEL

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Sandy Schwartz  
President  
Cox Automotive

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Porsche USA

Dietmar Exler  
CEO  
Mercedes-Benz USA

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